

**STATE BUILDING AUTHORITY OF  
THE STATE OF MICHIGAN**  
(a blended component unit of the  
State of Michigan)

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION**

**For the Year Ended  
September 30, 2004**

# STATE BUILDING AUTHORITY OF THE STATE OF MICHIGAN

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*Certified Public Accountants*

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## **INDEPENDENT AUDITORS' REPORT**

November 5, 2004

Mr. Robert C. Carr, Chairperson  
State Building Authority of the State of Michigan  
Lansing, Michigan

and

Mr. Thomas H. McTavish, CPA  
Auditor General  
State of Michigan  
Lansing, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of the ***State Building Authority of the State of Michigan***, a blended component unit of the State of Michigan, as of and for the year ended September 30, 2004, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the State Building Authority of the State of Michigan at September 30, 2004, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis presented on pages 5 through 7 is not a required part of the basic financial statements, but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated November 5, 2004, on our consideration of the State Building Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in black ink, reading "Lehmann Lobson". The signature is written in a cursive, flowing style with a large initial 'L'.

**Independent Auditor's Report on Compliance  
and on Internal Control over Financial  
Reporting Based on an Audit of Financial  
Statements Performed in Accordance  
With *Government Auditing Standards***



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

November 5, 2004

Mr. Robert C. Carr, Chairperson  
State Building Authority of the State of Michigan  
Lansing, Michigan

and

Mr. Thomas H. McTavish, CPA  
Auditor General  
State of Michigan  
Lansing, Michigan

We have audited the financial statements of the governmental activities and each major fund of the State Building Authority of the State of Michigan, a blended component unit of the State of Michigan, as of and for the year ended September 30, 2004, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 5, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the State Building Authority of the State of Michigan's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.



## **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the State Building Authority of the State of Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the State Building Authority of the State of Michigan and the Auditor General of the State of Michigan and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style with a large initial 'L'.

## **Management's Discussion and Analysis**

# STATE BUILDING AUTHORITY OF THE STATE OF MICHIGAN

## Management's Discussion and Analysis

This section of the annual financial report of the State Building Authority (the "Authority") presents our discussion and analysis of the Authority's financial activities for the fiscal year ended September 30, 2004. The Authority is a blended component unit of the State of Michigan (the "State"). Readers are encouraged to consider this information in conjunction with the accompanying financial statements and notes.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's financial statements consist of 1) the government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. Because the Authority is a blended component unit of the State of Michigan, all of the statements presented in this discussion focus on the Authority, an individual part of the government, reporting only on that one component within the State of Michigan.

- The financial statements and management's discussion and analysis provide both long and short-term information about the Authority's overall financial status.
- Management's discussion and analysis provides a narrative overview of the financial statements from management's perspective.
- The basic financial statements provide information about the Authority's overall financial status.
- The notes to the financial statements explain some of the information in the financial statements and provide more detailed data

### Condensed Financial Information

<u>Fiscal year ended September 30</u>	<u>Governmental Activities</u>	
	<u>2004</u>	<u>2003</u>
Total net assets	\$ 48,554,884	\$ 23,512,469
Total assets	3,221,305,498	3,135,833,247
Short-term debt	449,170,000	338,490,000
Long-term liabilities	2,618,039,713	2,620,670,801
Total liabilities	3,172,750,614	3,112,320,778
Revenues:		
Program revenues	133,455,683	152,774,474
General revenues	21,401,722	3,680,616
Expenses	129,814,990	133,312,911
Change in net assets	20,042,415	23,142,179

# STATE BUILDING AUTHORITY OF THE STATE OF MICHIGAN

## Management's Discussion and Analysis - (Continued)

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The government-wide financial statements can be found on pages 8-9 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority maintains two governmental funds.

Unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide an adjustment column to facilitate this comparison between governmental funds and the government-wide financial statements.

The basic governmental fund financial statements can be found on pages 10-11 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12-22 of this report.

# STATE BUILDING AUTHORITY OF THE STATE OF MICHIGAN

## Management's Discussion and Analysis - (Continued)

### Financial Analysis of the Authority

Net assets of the Authority increased approximately \$25.0 million to an ending balance of \$48,554,884. The increase in net assets is the result of the Authority issuing two series of revenue and refunding bonds during the fiscal year, and earning an excess \$19.5 million on escrow investments. The Authority, in taking advantage of historically low interest rates, issued: 2003 Series II revenue refunding bonds in the amount of \$392,590,000 and 2004 MSP revenue and refunding bonds in the amount of \$155,350,000. The 2003 Series II bonds refunded the 2002 Series I and 2002 Series II revenue bonds. The 2004 MSP bonds refunded the 1997 Series A, 2000 MSP Phase II, 2001 MSP Phase III and 2002 MSP Phase IV revenue bonds, and financed the Phase V of the State Police Communications System project.

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Authority's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Authority's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Authority's governmental funds reported a combined ending fund balance deficit of \$242,050,479, a decrease of \$54,488,592 in comparison with the prior year. This amount was comprised of debt service fund balance of \$193,507,412, and a fund balance deficit in the capital projects fund of \$435,557,891. This deficit was largely the result of the Authority's use of short-term debt to finance certain project costs in advance of bonding.

### Long-Term Debt Activity

During the current fiscal year the Authority issued two series of bonds totaling \$547.9 million. The final maturity of the 2003 Series II is in 2017. The 2004 MSP bonds mature in 2019.

### Recent Events

There are no known facts, decisions, or conditions in terms of events occur subsequent to September 30, 2004 through the date of this report that are expected to effect the Authority's financial position or results of operations.

## **Basic Financial Statements**

**State Building Authority of the State of Michigan**  
**Statement of Net Assets**  
**September 30, 2004**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
<b>Current assets</b>	
Investments	\$ 248,016,403
Accrued interest receivable	450,751
Current portion of leases receivable	102,358,401
Project costs in progress	461,436,062
	<hr/>
Total current assets	812,261,617
	<hr/>
<b>Noncurrent assets</b>	
Investments	6,000,000
Debt issuance costs, net	16,175,897
Leases receivable, net of current portion	2,386,867,984
	<hr/>
Total noncurrent assets	2,409,043,881
	<hr/>
<b>Total assets</b>	3,221,305,498
	<hr/>
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Accounts payable and other liabilities	25,180
Due to State of Michigan	46,955,487
Accrued interest payable	58,560,234
Short-term debt	449,170,000
Current portion of long-term debt	78,770,000
Total current liabilities	633,480,901
	<hr/>
<b>Long-term liabilities</b>	
Long-term debt, net of current portion	2,539,269,713
	<hr/>
<b>Total liabilities</b>	3,172,750,614
	<hr/>
<b>NET ASSETS</b>	
Restricted for debt service and construction	\$ 48,554,884
	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

**State Building Authority of the State of Michigan**  
**Statement of Activities**  
**Year Ended September 30, 2004**

	<b>Governmental Activities</b>
<b>Expenses</b>	
General government - administration	\$ 1,529,305
Interest on long-term debt	127,404,757
Amortization of debt issue costs	<u>880,928</u>
Total expenses	<u>129,814,990</u>
<b>Program revenues</b>	
Charges for services:	
Lease revenue	130,756,142
Other revenue	<u>2,699,541</u>
Total program revenues	<u>133,455,683</u>
Net revenue (expense)	3,640,693
<b>General revenues</b>	
Unrestricted investment earnings	<u>21,401,722</u>
Change in net assets	25,042,415
<b>Net assets</b>	
Beginning of year	<u>23,512,469</u>
<b>End of year</b>	<u><u>\$ 48,554,884</u></u>

The accompanying notes are an integral part of these financial statements.



**State Building Authority of the State of Michigan**  
**Statement of Net Assets and**  
**Governmental Funds Balance Sheet**  
**September 30, 2004**

	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Assets
<b>ASSETS</b>					
<b>Current assets</b>					
Investments	\$ 187,153,347	\$ 60,863,056	\$ 248,016,403	\$ -	\$ 248,016,403
Accrued interest receivable	369,750	81,001	450,751	-	450,751
Current portion of leases receivable	-	-	-	102,358,401	102,358,401
Project costs in progress	-	-	-	461,436,062	461,436,062
Total current assets	<u>187,523,097</u>	<u>60,944,057</u>	<u>248,467,154</u>	<u>563,794,463</u>	<u>812,261,617</u>
<b>Noncurrent assets</b>					
Investments	6,000,000	-	6,000,000	-	6,000,000
Debt issuance costs, net	-	-	-	16,175,897	16,175,897
Leases receivable, net of current portion	-	-	-	2,386,867,984	2,386,867,984
Total noncurrent assets	<u>6,000,000</u>	<u>-</u>	<u>6,000,000</u>	<u>2,403,043,881</u>	<u>2,409,043,881</u>
<b>Total assets</b>	<u><u>\$ 193,523,097</u></u>	<u><u>\$ 60,944,057</u></u>	<u><u>\$ 254,467,154</u></u>	<u><u>2,966,838,344</u></u>	<u><u>3,221,305,498</u></u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable and other liabilities	\$ 15,685	\$ 9,495	\$ 25,180	-	25,180
Due to State of Michigan	-	46,955,487	46,955,487	-	46,955,487
Accrued interest payable	-	366,966	366,966	58,193,268	58,560,234
Short-term debt	-	449,170,000	449,170,000	-	449,170,000
Current portion of long-term debt	-	-	-	78,770,000	78,770,000
Total current liabilities	<u>15,685</u>	<u>496,501,948</u>	<u>496,517,633</u>	<u>136,963,268</u>	<u>633,480,901</u>
<b>Long-term liabilities</b>					
Long-term debt, net of current portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,539,269,713</u>	<u>2,539,269,713</u>
<b>Total liabilities</b>	<u>15,685</u>	<u>496,501,948</u>	<u>496,517,633</u>	<u>2,676,232,981</u>	<u>3,172,750,614</u>
<b>FUND BALANCES</b>					
Unreserved (deficit)	<u>193,507,412</u>	<u>(435,557,891)</u>	<u>(242,050,479)</u>	<u>242,050,479</u>	<u>-</u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 193,523,097</u></u>	<u><u>\$ 60,944,057</u></u>	<u><u>\$ 254,467,154</u></u>		
<b>NET ASSETS</b>					
Restricted for debt service and construction				<u><u>\$ 48,554,884</u></u>	<u><u>\$ 48,554,884</u></u>

The accompanying notes are an integral part of these financial statement

**State Building Authority of the State of Michigan  
Statement of Activities and  
Governmental Funds Revenues, Expenditures  
and Changes in Fund Balances  
Year Ended September 30, 2004**

	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
<b>Revenue</b>					
Investment income	\$ 1,430,082	\$ 19,971,640	\$ 21,401,722	\$ -	\$ 21,401,722
Lease revenue	237,587,119	-	237,587,119	(106,830,977)	130,756,142
Other revenue	129,221	2,570,320	2,699,541	-	2,699,541
Total revenue	239,146,422	22,541,960	261,688,382	(106,830,977)	154,857,405
<b>Expenditures / Expenses</b>					
Current - general government	1,028,883	305,395	1,334,278	195,027	1,529,305
Capital outlay	-	145,826,573	145,826,573	(145,826,573)	-
Capital outlay reimbursed to State of Michigan	-	49,434,911	49,434,911	(49,434,911)	-
Debt service:					
Principal	445,205,000	-	445,205,000	(445,205,000)	-
Interest and fiscal charges	109,464,928	4,017,377	113,482,305	13,922,452	127,404,757
Debt issuance costs	3,201,554	1,350,993	4,552,547	(4,552,547)	-
Amortization of debt issuance costs	-	-	-	880,928	880,928
Total expenditures/expenses	558,900,365	200,935,249	759,835,614	(630,020,624)	129,814,990
Revenue over (under) expenditures/expenses	(319,753,943)	(178,393,289)	(498,147,232)	523,189,647	25,042,415
<b>Other financing sources (uses)</b>					
Long-term debt issued	-	130,329,900	130,329,900	(130,329,900)	-
Premiums on bonds issued	-	6,798,951	6,798,951	(6,798,951)	-
Refunding debt issued	417,610,100	-	417,610,100	(417,610,100)	-
Premiums on refunding debt	23,870,814	-	23,870,814	(23,870,814)	-
Payment to refunding escrow agent	(134,951,125)	-	(134,951,125)	134,951,125	-
Transfers	2,352,274	(2,352,274)	-	-	-
Total other financing sources (uses)	308,882,063	134,776,577	443,658,640	(443,658,640)	-
Change in fund balances / net assets	(10,871,880)	(43,616,712)	(54,488,592)	79,531,007	25,042,415
<b>Fund balances / Net assets (deficit)</b>					
Beginning of year	204,379,292	(391,941,179)	(187,561,887)	211,074,356	23,512,469
<b>End of year</b>	<u>\$ 193,507,412</u>	<u>\$ (435,557,891)</u>	<u>\$ (242,050,479)</u>	<u>\$ 290,605,363</u>	<u>\$ 48,554,884</u>

The accompanying notes are an integral part of these financial statements.

## **Notes to Financial Statements**

# STATE BUILDING AUTHORITY OF THE STATE OF MICHIGAN

## Notes to Financial Statements

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Reporting Entity**

The accompanying financial statements report the financial position and results of operations of the State Building Authority (the “Authority”), a blended component unit of the State of Michigan, as of and for the fiscal year ended September 30, 2004. The Authority’s activity is reported as debt service and capital projects funds within the governmental funds in the *State of Michigan Comprehensive Annual Financial Report (SOMCAFR)*. In accordance with generally accepted accounting principles, there are no other component units included in this financial report.

The Authority was organized under Act 183, P.A. 1964, as amended, and is governed by a Board of Trustees consisting of five members appointed by the Governor, with the advice and consent of the Senate. The mission of the Authority is to construct, acquire, improve, enlarge, and lease facilities and equipment for use by the State or any of its agencies, including public institutions of higher education (universities and community colleges).

The Authority is authorized to issue and sell bonds in an aggregate principal amount outstanding not to exceed \$2.7 billion, excluding refunding bonds. The Authority is also authorized to issue and sell commercial paper notes as a short-term funding source for capital outlay projects prior to bonding. All bonds and commercial paper are limited obligations of the Authority and are not general obligations of the State or the Authority. The bonds are payable solely from equipment and facility lease payments, investment earnings, insurance proceeds, undisbursed bond proceeds retained by the Authority on a bond issue-specific basis, and any other assets pledged by the Authority to the bondholders.

#### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The authority-wide financial information is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial information is reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

# STATE BUILDING AUTHORITY OF THE STATE OF MICHIGAN

## Notes to Financial Statements

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The Authority reports two major governmental funds: a debt service fund and a capital projects fund.

These notes relate directly to the Authority; the *SOMCAFR* provides more thorough disclosures of the State's significant accounting policies.

**Investments** - Investments are stated at fair value. The bank investment pools are regulated by the Michigan Banking Act, and the fair value of the position in the pool is the same as the value of the pool share.

**Leases Receivable** - Leases receivable represent amounts due from the State of Michigan for rent obligations, net of unearned income. No allowance for uncollectible amounts has been provided.

**Project Costs in Progress** - Project costs consist of capital costs incurred to date on various building projects. As the building projects are completed, the assets will be leased to the State of Michigan.

**Debt Issue Costs** - Debt issue costs are being amortized using the effective interest method over the life of the related debt. Accumulated amortization was \$1,864,154 at September 30, 2004.

**Accounts Payable and Other Liabilities** - Included in "accounts payable and other liabilities" is a provision for federal arbitrage rebate, if any. Federal income tax regulations for certain debt issues require the Authority to rebate to the federal government the interest earned on invested debt proceeds in excess of interest paid. The Authority has recorded an estimated liability for this amount. All rebate amounts will be required to be forwarded to the federal government at a future date.

**Long-Term Liabilities** - Long-term liabilities are reported on the Authority's statement of net assets, net of the applicable bond premiums and discounts, as well as gains or losses on refunding, which are deferred and amortized over the life of the bonds using the effective interest method.

**Lease Revenue** - Lease payments are collected from the State of Michigan to satisfy the rent obligations under all of the project leases. Lease transactions are accounted for as direct financing leases whereby the present value of the future lease payments is recorded as a lease receivable using the interest rate implicit in the lease. Lease revenue is recognized as a constant percentage return on asset-carrying values.

## 2. INVESTMENTS

Governmental Accounting Standards Board (GASB) Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*, requires certain disclosures regarding policies and practices with respect to deposits and investments and the credit risk associated with them.

# STATE BUILDING AUTHORITY OF THE STATE OF MICHIGAN

## Notes to Financial Statements

Investments are classified into three categories of credit risk, as follows:

**Category 1** - Insured or registered, or securities held by the entity or its agent in the entity's name.

**Category 2** - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name.

**Category 3** - Uninsured or unregistered, with securities held by the counterparty, or by its trust department or agent but not in the entity's name.

Uncategorized investments are not evidenced by securities that exist in physical or book entry form. Management believes that the uncategorized investments comply with the investment authority noted below.

Investments are restricted by State statute to obligations of the State or U.S. government, obligations of which the principal and interest are guaranteed by the State or U.S. government, certificates of deposit of a financial institution, certain commercial paper, and repurchase agreements collateralized by U.S. government obligations and certain investment trusts. Certain other restrictions as to investments are contained in the bond resolution for each bond issue.

The following table shows the fair values of investments of the Authority, including deposits classified as investments on the statement of net assets, by investment type and in total:

	<b>Category</b>			<b>Carrying Amount (Fair Value)</b>
	<b>1</b>	<b>2</b>	<b>3</b>	
Guaranteed investment contract	<u>\$ 6,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	\$ 6,000,000
Uncategorized - Bank investment pools				<u>248,016,403</u>
<b>Total investments</b>				<b><u>\$ 254,016,403</u></b>
Statement of Net Assets classification:				
Current investments				\$ 248,016,403
Long-term investments				<u>6,000,000</u>
<b>Total investments</b>				<b><u>\$ 254,016,403</u></b>

# STATE BUILDING AUTHORITY OF THE STATE OF MICHIGAN

## Notes to Financial Statements

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### 3. LEASES RECEIVABLE

The Authority's leasing operations consist of leasing of facilities and equipment for use by the State of Michigan or any of its agencies under direct financing arrangements expiring in various years through 2038.

Following is a summary of the components of the Authority's net investment in direct financing leases at September 30, 2004:

Total minimum lease payments to be received	\$ 3,764,863,815
Less – Unearned income	<u>1,275,637,430</u>
<b>Net leases receivable</b>	<b><u>\$ 2,489,226,385</u></b>
Statement of Net Assets classification:	
Current portion of leases receivable	\$ 102,358,401
Long-term portion of leases receivable	<u>2,386,867,984</u>
<b>Total</b>	<b><u>\$ 2,489,226,385</u></b>

Minimum lease payments to be received from the State of Michigan as of September 30, 2004, is as follows:

2005	\$ 233,889,661
2006	233,889,661
2007	233,889,661
2008	233,889,661
2009	233,889,661
2010 through 2038	<u>2,595,415,510</u>
<b>Total</b>	<b><u>\$ 3,764,863,815</u></b>

### 4. SHORT-TERM DEBT - NOTES PAYABLE

The Authority issues commercial paper notes to fund capital projects prior to bonding. The notes are recorded at par at the time of issuance and are issued in conjunction with a bank letter of credit that has a maximum amount of \$500 million, a maximum maturity of 270 days, and a maximum interest rate of 10 percent. Issuance costs are capitalized as part of project costs. The interest rate is 1.42 percent at September 30, 2004.

# STATE BUILDING AUTHORITY OF THE STATE OF MICHIGAN

## Notes to Financial Statements

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Short-term debt activity for the year ended September 30, 2004, was as follows (in thousands):

Beginning balance	\$ 338,490
Additions	2,302,490
Reductions	<u>(2,191,810)</u>
<b>Ending balance</b>	<b><u>\$ 449,170</u></b>

### 5. LONG-TERM LIABILITIES

Each series of bonds and related lease contracts are financing transactions under which the Authority issues revenue bonds for the purpose of constructing or acquiring facilities and/or equipment for lease to the State or institutions of higher education. Each issue of bonds is secured by and payable from the rentals. Rentals may only be used for payment of the bonds to which such lease pertains and may not be used for the payment of any other issue of bonds or any other unrelated obligation of the Authority. Each such lease (prior to execution) has been approved by the State Administrative Board; by concurrent resolution of the Legislature adopted by majority vote of the members elected to and serving in each house; by resolution of the Board of Trustees of the Authority; and, where required, by the governing body of the appropriate institution of higher education. The lease payments for all of the facilities and equipment are appropriated as an annual operating cost by the State.

The bonds represent limited obligations of the Authority and do not constitute general obligations of the Authority or general obligations or debts of the State or any of the institutions of higher education within the meaning of any constitutional or statutory limitation. The Authority has no taxing power. The bonds are payable from lease revenue to be paid by the State pursuant to the provisions of the leases and certain other funds and revenue provided for in the bond resolution.

#### **Outstanding Debt**

Long-term debt outstanding (excluding defeased bonds) at September 30, 2004 is as follows:



# STATE BUILDING AUTHORITY OF THE STATE OF MICHIGAN

## Notes to Financial Statements

	Date Sold	# of Projects	Original Amount Issued	Average Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Revenue Bonds Payable (in thousands)</b>									
1997 Series A	06/12/97	1	\$ 34,255	4.760%	\$ 14,955	\$ -	\$ (14,955)	\$ -	\$ -
1998 Series I Refunding	12/17/98	7	330,405	4.746%	294,835	-	(10,725)	284,110	11,005
1999 Series I	05/18/99	6	85,690	4.543%	71,150	-	(4,625)	66,525	4,660
2000 Revenue	10/11/00	1	45,800	5.632%	38,935	-	(38,935)	-	-
2000 Series I	11/30/00	8	147,855	5.244%	139,330	-	(5,080)	134,250	5,315
2001 Series I	03/07/01	12	121,680	5.272%	114,000	-	(5,365)	108,635	5,605
2001 Revenue	05/02/01	1	58,215	5.125%	53,100	-	(53,100)	-	-
2001 Series I Refunding	06/21/01	17	419,730	5.262%	409,050	-	(10,580)	398,470	10,965
2001 Series II	10/24/01	10	170,095	5.288%	164,375	-	(7,045)	157,330	7,275
2002 Series I	04/10/02	6	215,210	Variable	210,210	-	(210,210)	-	-
2002 Series II	09/04/02	8	150,250	Variable	150,250	-	(150,250)	-	-
2002 Series III Refunding	12/05/02	16	215,205	4.558%	215,205	-	(4,540)	210,665	5,525
2002 Revenue	12/19/02	1	34,900	3.427%	34,900	-	(34,900)	-	-
2003 Series I Refunding	07/30/03	19	659,420	3.635%	659,420	-	(22,765)	636,655	19,100
2003 Series II Refunding	12/01/03	44	392,590	4.415%	-	392,590	-	392,590	6,075
2004 Series I	05/27/04	5	155,350	4.076%	-	155,350	-	155,350	3,245
Total revenue bonds payable			<u>\$ 3,236,650</u>		<u>\$ 2,569,715</u>	<u>\$ 547,940</u>	<u>\$ (573,075)</u>	<u>\$ 2,544,580</u>	<u>\$ 78,770</u>
<b>Accrued compensated absences</b>					6	22	(9)	19	
<b>Arbitrage payable</b>					-	182	-	182	
<b>Add (deduct) deferred amounts:</b>									
For issuance premiums					107,328	30,670	(7,888)	130,110	
On refunding					<u>(56,378)</u>	<u>(6,002)</u>	<u>5,529</u>	<u>(56,851)</u>	
<b>Total long-term debt</b>					<u>\$ 2,620,671</u>	<u>\$ 572,812</u>	<u>\$ (575,443)</u>	<u>\$ 2,618,040</u>	
Current portion								\$ 78,770	
Long-term portion								<u>2,539,270</u>	
								<u>\$ 2,618,040</u>	

The beginning balance of long-term debt outstanding and deferred amounts on refunding were each reduced by \$37,045,000 to reflect the reclassification of a prior year debt refunding. This reclassification had no effect on the financial statements.

# STATE BUILDING AUTHORITY OF THE STATE OF MICHIGAN

## Notes to Financial Statements

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### **Debt Service Requirements**

The annual requirements to service the outstanding debt are as follows (in thousands):

<b><u>Year Ending September 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2005	\$ 78,770	\$ 126,054	\$ 204,824
2006	108,400	122,496	230,896
2007	113,175	117,884	231,059
2008	118,495	112,216	230,711
2009	124,110	106,277	230,387
2010-2014	722,035	426,873	1,148,908
2015-2019	718,270	224,374	942,644
2020-2024	364,660	91,127	455,787
2025-2029	175,400	23,617	199,017
2030	21,265	532	21,797
	<u>\$ 2,544,580</u>	<u>\$ 1,351,450</u>	<u>\$ 3,896,030</u>

Interest to maturity for the bonds may be significantly less than the amount shown in the above table because many of the bonds (i.e., sinking fund bonds) will be called prior to their final scheduled maturity date. The retirement of these bonds varies from project to project, as each bond issue is related to specific projects and any excess borrowing, and accrued investment earnings are restricted to projects and debt service on the related bonds.

### **Current Refunding**

During the year, the Authority issued \$303,500,000 of fixed-rate revenue refunding bonds (as part of a total issuance of \$392,590,000, which provided \$89,090,000 of financing for new projects), along with \$13,160,789 of Authority cash and \$15,799,211 of issuance premium, for a current refunding of \$332,460,000 of variable-rate revenue bonds. The refunding was undertaken to reduce future debt service payments and to lock-in favorable interest rates. The refunded variable-rate bonds had no stated annual debt service requirements, had a nominal final maturity date of October 15, 2037, and bore interest at a commercial paper rate. The refunded bonds had no minimum interest rates, but did have maximum rates between 7.5 and 7.9 percent. The refunding bonds, which serially mature through October 15, 2029, carry an average fixed interest rate of 4.415 percent.

# STATE BUILDING AUTHORITY OF THE STATE OF MICHIGAN

## Notes to Financial Statements

### Advance Refunding

Also during the year, the Authority issued \$112,845,612 of revenue refunding bonds (as part of a total issuance of \$155,350,000) to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust along with \$16,774,379 of Authority cash for the purpose of generating resources for all future debt service payments of \$127,870,000 of bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$6,002,531. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments by \$2,826,196 and resulted in an economic gain of \$1,328,569.

### Defeased Debt

The Authority has defeased certain bond issues by placing refunding bond proceeds in an irrevocable trust to provide for all future debt service on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements.

The following table summarizes the defeased bonds outstanding at September 30, 2004 (in thousands):

1989 Series I *	\$ 10,840
1993 Series I	37,045
1994 Series I	18,155
1994 Series II **	13,840
1996 Series I	51,780
1997 Series I	81,045
1997 Series II ***	264,016
1998 Series I	81,015
1997 Series A	10,855
2000 (MSP Phase II)	35,120
2001 (MSP Phase III)	49,185
2002 (MSP Phase IV)	<u>32,710</u>
<b>Total</b>	<b><u>\$ 685,606</u></b>

\* The 1989 Series I bond issue includes capital appreciation bonds with an ultimate maturity value of \$8.1 million. The accreted value of this bond at year-end is \$8.1 million.

\*\* The 1994 Series II bond issue consisted of capital appreciation bonds with an ultimate maturity value of \$15.8 million. The accreted value of this issue at year-end is \$13.8 million.

\*\*\* The 1997 Series II bond issue includes capital appreciation bonds with an ultimate maturity value of \$36.1 million. The accreted value of this issue at year-end is \$26.9 million.

# STATE BUILDING AUTHORITY OF THE STATE OF MICHIGAN

## Notes to Financial Statements

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### 6. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The State of Michigan provides insurance coverage for the Authority.

### 7. ADJUSTMENTS

Following is an explanation of the adjustments between the governmental funds balance sheet and the statement of net assets, which reconciles fund balances to net assets:

<b>Fund balances (deficit)</b>	\$ (242,050,479)
--------------------------------	------------------

**Adjustments:**

Leases receivable are not <i>current financial resources</i> and therefore are not reported in the governmental funds	2,489,226,385
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Project costs financed by short-term borrowings are temporarily capitalized for net assets until lease agreements are executed for those projects	461,436,062
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Deferred charges for bond issuance costs are currently expended in the governmental funds, whereas they are capitalized and amortized for net assets	16,175,897
--	------------

Bonds payable are not due and payable in the current period and therefore not reported in the governmental funds	(2,544,580,000)
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Premiums on bonds are reported as other financing sources in the governmental funds, whereas they are capitalized and amortized for net assets (and added to bonds payable)	(130,109,582)
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Losses on refunding are not reported in the governmental funds, whereas they are capitalized and amortized for net assets (and netted against bonds payable)	56,851,105
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# STATE BUILDING AUTHORITY OF THE STATE OF MICHIGAN

## Notes to Financial Statements

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Accrued compensated absences and arbitrage payable are not recorded by governmental funds	\$ (201,236)
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Accrued interest payable on bonds is not recorded by governmental funds	<u>(58,193,268)</u>
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<b>Net assets</b>	<b><u><u>\$ 48,554,884</u></u></b>
-------------------	------------------------------------

Following is an explanation of the adjustments between the governmental funds statement of revenues, expenditures and changes in fund balances and the statement of activities, which reconciles the net change in fund balances to the change in net assets:

<b>Net change in fund balances</b>	<b>\$ (54,488,592)</b>
------------------------------------	------------------------

### Adjustments:

Amounts received for lease payments includes both principal and interest for purposes of governmental funds. For the statement of activities, the principal portions are eliminated with that portion of the receipts that pertain to interest being recognized as lease revenues.	(106,830,977)
--	---------------

Repayment of bond and note principal is an expenditure in the funds, but the repayment reduces long-term liabilities for <i>net assets</i>	445,205,000
--	-------------

Construction costs are recorded as expenditures in the funds, but increase leases receivable for <i>net assets</i>	195,261,484
--	-------------

The issuance of bonds provides current financial resources and bond issuance costs and premiums are a use or source of current financial resources, respectively. These transactions do not effect *net assets* and therefore are eliminated:

Bond and refunding bond proceeds	(547,940,000)
Bond issuance costs	4,552,547
Premiums on bonds and refunding bonds	(30,669,765)
Payments to refunding escrow agent	134,951,125
Portion of escrow payments applicable to accrued interest	(1,078,599)

# STATE BUILDING AUTHORITY OF THE STATE OF MICHIGAN

## Notes to Financial Statements

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Accrued interest expense on bonds and the amortization of bond issuance costs, premiums, and loss on refunding are not recorded by governmental funds but are reported under interest and fiscal charges for purposes of *net assets*:

Accrued interest expense	\$ (15,202,207)
Amortization of bond issuance costs	(880,928)
Amortization of premiums on bonds	7,887,834
Amortization of loss on refunding	(5,529,480)

Estimated liability for arbitrage and accrued compensated absences is not recorded by governmental funds but is reported for purposes of determining *net assets*

(195,027)

**Change in net assets**

**\$ 25,042,415**

\* \* \* \* \*

## **Supplementary Information**



**REHMANN ROBSON**

*Certified Public Accountants*

A member of THE REHMANN GROUP

 an independent member of  
**BAKER TILLY**  
INTERNATIONAL

**INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION**

November 5, 2004

Mr. Robert C. Carr, Chairperson  
State Building Authority of the State of Michigan  
Lansing, Michigan

and

Mr. Thomas H. McTavish, CPA  
Auditor General  
State of Michigan  
Lansing, Michigan

We have audited the financial statements of the governmental activities and each major fund of the State Building Authority of the State of Michigan, a blended component unit of the State of Michigan, for the year ended September 30, 2004, which collectively comprise the Authority's basic financial statements. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the State Building Authority of the State of Michigan.

For management decision-making purposes, the Authority uses project accounting for each bond issue. This information is intended to assist management and presents these bond issues on the modified accrual basis.

This information has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.





**State Building Authority of the State of Michigan**  
**Commercial Paper Program, Series 3**  
**Project Balance Sheet**  
**September 30, 2004**

	Debt Service Activities	Capital Projects Activities	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Investments	\$ -	\$ 22,976,512	\$ 22,976,512
Accrued interest receivable	-	21,139	21,139
Due from other funds	-	-	-
Total current assets	-	22,997,651	22,997,651
<b>Noncurrent assets</b>			
Investments	-	-	-
<b>Total assets</b>	<u>\$ -</u>	<u>\$ 22,997,651</u>	<u>\$ 22,997,651</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and other liabilities	\$ -	\$ 9,495	\$ 9,495
Due to State of Michigan	-	36,342,574	36,342,574
Due to other funds	-	-	-
Accrued interest payable	-	366,966	366,966
Short-term debt	-	449,170,000	449,170,000
<b>Total liabilities</b>	-	485,889,035	485,889,035
<b>PROJECT EQUITY</b>			
Unreserved (deficit)	-	(462,891,384)	(462,891,384)
<b>Total liabilities and project equity</b>	<u>\$ -</u>	<u>\$ 22,997,651</u>	<u>\$ 22,997,651</u>

<b>OUTSTANDING DEBT (short-term)</b>	<u>\$ 449,170,000</u>
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**State Building Authority of the State of Michigan**  
**Commercial Paper Program, Series 3**  
**Schedule of Project Revenue, Expenditures**  
**and Changes in Project Equity**  
**Year Ended September 30, 2004**

	Debt Service Activities	Capital Projects Activities	Total
<b>Revenue</b>			
Investment income	\$ -	\$ 185,906	\$ 185,906
Lease revenue	-	-	-
Other revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenue	-	185,906	185,906
	<hr/>	<hr/>	<hr/>
<b>Expenditures</b>			
Current - general government	-	45,487	45,487
Capital outlay	-	122,595,055	122,595,055
Capital outlay reimbursed to State of Michigan	-	7,807,450	7,807,450
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	4,017,377	4,017,377
Debt issuance costs	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	-	134,465,369	134,465,369
	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	-	(134,279,463)	(134,279,463)
	<hr/>	<hr/>	<hr/>
<b>Other financing sources (uses)</b>			
Long-term debt issued	-	-	-
Premiums on bonds issued	-	-	-
Refunding debt issued	-	-	-
Premiums on refunding debt	-	-	-
Payment to refunding escrow agent	-	-	-
Transfers	-	82,596,947	82,596,947
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	82,596,947	82,596,947
	<hr/>	<hr/>	<hr/>
Net change in project equity	-	(51,682,516)	(51,682,516)
	<hr/>	<hr/>	<hr/>
<b>Project equity (deficit)</b>			
Beginning of year, as restated	-	(411,208,868)	(411,208,868)
	<hr/>	<hr/>	<hr/>
<b>End of year</b>	<u>\$ -</u>	<u>\$ (462,891,384)</u>	<u>\$ (462,891,384)</u>

**State Building Authority of the State of Michigan**  
**1993 Revenue Refunding Bonds, Series I**  
**Project Balance Sheet**  
**September 30, 2004**

	Debt Service Activities	Capital Projects Activities	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Investments	\$ -	\$ -	\$ -
Accrued interest receivable	-	-	-
Due from other funds	-	-	-
Total current assets	-	-	-
<b>Noncurrent assets</b>			
Investments	-	-	-
<b>Total assets</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and other liabilities	\$ -	\$ -	\$ -
Due to State of Michigan	-	-	-
Due to other funds	-	-	-
Accrued interest payable	-	-	-
Short-term debt	-	-	-
<b>Total liabilities</b>	-	-	-
<b>PROJECT EQUITY</b>			
Unreserved	-	-	-
<b>Total liabilities and project equity</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<b>OUTSTANDING DEBT (long-term)</b>			<u><u>\$ -</u></u>

**State Building Authority of the State of Michigan**  
**1993 Revenue Refunding Bonds, Series I**  
**Schedule of Project Revenue, Expenditures**  
**and Changes in Project Equity**  
**Year Ended September 30, 2004**

	Debt Service Activities	Capital Projects Activities	Total
<b>Revenue</b>			
Investment income	\$ 6,496	\$ -	\$ 6,496
Lease revenue	-	-	-
Other revenue	-	-	-
	<u>6,496</u>	<u>-</u>	<u>6,496</u>
<b>Expenditures</b>			
Current - general government	-	-	-
Capital outlay	-	-	-
Capital outlay reimbursed to State of Michigan	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Debt issuance costs	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenue over (under) expenditures	<u>6,496</u>	<u>-</u>	<u>6,496</u>
<b>Other financing sources (uses)</b>			
Long-term debt issued	-	-	-
Premiums on bonds issued	-	-	-
Refunding debt issued	-	-	-
Premiums on refunding debt	-	-	-
Payment to refunding escrow agent	-	-	-
Transfers	(696,066)	-	(696,066)
	<u>(696,066)</u>	<u>-</u>	<u>(696,066)</u>
Total other financing sources (uses)	<u>(696,066)</u>	<u>-</u>	<u>(696,066)</u>
Net change in project equity	(689,570)	-	(689,570)
<b>Project equity</b>			
Beginning of year	<u>689,570</u>	<u>-</u>	<u>689,570</u>
<b>End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**State Building Authority of the State of Michigan**  
**1997 Revenue Bonds, Series A**  
**Project Balance Sheet**  
**September 30, 2004**

	Debt Service Activities	Capital Projects Activities	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Investments	\$ -	\$ -	\$ -
Accrued interest receivable	-	-	-
Due from other funds	-	-	-
Total current assets	-	-	-
<b>Noncurrent assets</b>			
Investments	-	-	-
<b>Total assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and other liabilities	\$ -	\$ -	\$ -
Due to State of Michigan	-	-	-
Due to other funds	-	-	-
Accrued interest payable	-	-	-
Short-term debt	-	-	-
<b>Total liabilities</b>	-	-	-
<b>PROJECT EQUITY</b>			
Unreserved	-	-	-
<b>Total liabilities and project equity</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>OUTSTANDING DEBT (long-term)</b>			<u>\$ -</u>

**State Building Authority of the State of Michigan**  
**1997 Revenue Bonds, Series A**  
**Schedule of Project Revenue, Expenditures**  
**and Changes in Project Equity**  
**Year Ended September 30, 2004**

	Debt Service Activities	Capital Projects Activities	Total
<b>Revenue</b>			
Investment income	\$ 11,316	\$ 50	\$ 11,366
Lease revenue	3,140,000	-	3,140,000
Other revenue	-	-	-
	<u>3,151,316</u>	<u>50</u>	<u>3,151,366</u>
<b>Total revenue</b>			
	<u>3,151,316</u>	<u>50</u>	<u>3,151,366</u>
<b>Expenditures</b>			
Current - general government	-	-	-
Capital outlay	-	-	-
Capital outlay reimbursed to State of Michigan	-	-	-
Debt service:			
Principal	4,100,000	-	4,100,000
Interest and fiscal charges	641,350	-	641,350
Debt issuance costs	-	-	-
	<u>4,741,350</u>	<u>-</u>	<u>4,741,350</u>
<b>Total expenditures</b>			
	<u>4,741,350</u>	<u>-</u>	<u>4,741,350</u>
<b>Revenue over (under) expenditures</b>			
	<u>(1,590,034)</u>	<u>50</u>	<u>(1,589,984)</u>
<b>Other financing sources (uses)</b>			
Long-term debt issued	-	-	-
Premiums on bonds issued	-	-	-
Refunding debt issued	-	-	-
Premiums on refunding debt	-	-	-
Payment to refunding escrow agent	-	-	-
Transfers	(4,097,153)	(12,844)	(4,109,997)
	<u>(4,097,153)</u>	<u>(12,844)</u>	<u>(4,109,997)</u>
<b>Total other financing sources (uses)</b>			
	<u>(4,097,153)</u>	<u>(12,844)</u>	<u>(4,109,997)</u>
<b>Net change in project equity</b>			
	(5,687,187)	(12,794)	(5,699,981)
<b>Project equity</b>			
Beginning of year	5,687,187	12,794	5,699,981
	<u>5,687,187</u>	<u>12,794</u>	<u>5,699,981</u>
<b>End of year</b>			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**State Building Authority of the State of Michigan**  
**1998 Revenue Refunding Bonds, Series I**  
**Project Balance Sheet**  
**September 30, 2004**

	Debt Service Activities	Capital Projects Activities	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Investments	\$ 18,209,314	\$ -	\$ 18,209,314
Accrued interest receivable	213,810	-	213,810
Due from other funds	-	-	-
Total current assets	18,423,124	-	18,423,124
<b>Noncurrent assets</b>			
Investments	6,000,000	-	6,000,000
<b>Total assets</b>	<u>\$ 24,423,124</u>	<u>\$ -</u>	<u>\$ 24,423,124</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and other liabilities	\$ -	\$ -	\$ -
Due to State of Michigan	-	-	-
Due to other funds	-	-	-
Accrued interest payable	-	-	-
Short-term debt	-	-	-
<b>Total liabilities</b>	-	-	-
<b>PROJECT EQUITY</b>			
Unreserved	24,423,124	-	24,423,124
<b>Total liabilities and project equity</b>	<u>\$ 24,423,124</u>	<u>\$ -</u>	<u>\$ 24,423,124</u>

<b>OUTSTANDING DEBT (long-term)</b>	<u>\$ 284,110,000</u>
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**State Building Authority of the State of Michigan**  
**1998 Revenue Refunding Bonds, Series I**  
**Schedule of Project Revenue, Expenditures**  
**and Changes in Project Equity**  
**Year Ended September 30, 2004**

	Debt Service Activities	Capital Projects Activities	Total
<b>Revenue</b>			
Investment income	\$ 496,451	\$ -	\$ 496,451
Lease revenue	24,846,048	-	24,846,048
Other revenue	-	-	-
	<u>25,342,499</u>	<u>-</u>	<u>25,342,499</u>
<b>Total revenue</b>			
	<u>25,342,499</u>	<u>-</u>	<u>25,342,499</u>
<b>Expenditures</b>			
Current - general government	33,346	-	33,346
Capital outlay	-	-	-
Capital outlay reimbursed to State of Michigan	-	-	-
Debt service:			
Principal	10,725,000	-	10,725,000
Interest and fiscal charges	14,415,418	-	14,415,418
Debt issuance costs	-	-	-
	<u>25,173,764</u>	<u>-</u>	<u>25,173,764</u>
<b>Total expenditures</b>			
	<u>25,173,764</u>	<u>-</u>	<u>25,173,764</u>
<b>Revenue over (under) expenditures</b>			
	<u>168,735</u>	<u>-</u>	<u>168,735</u>
<b>Other financing sources (uses)</b>			
Long-term debt issued	-	-	-
Premiums on bonds issued	-	-	-
Refunding debt issued	-	-	-
Premiums on refunding debt	-	-	-
Payment to refunding escrow agent	-	-	-
Transfers	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total other financing sources (uses)</b>			
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in project equity</b>			
	168,735	-	168,735
<b>Project equity</b>			
Beginning of year	24,254,389	-	24,254,389
	<u>24,254,389</u>	<u>-</u>	<u>24,254,389</u>
<b>End of year</b>			
	<u>\$ 24,423,124</u>	<u>\$ -</u>	<u>\$ 24,423,124</u>



**State Building Authority of the State of Michigan**  
**1999 Revenue Bonds, Series I**  
**Project Balance Sheet**  
**September 30, 2004**

	Debt Service Activities	Capital Projects Activities	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Investments	\$ 8,110,659	\$ -	\$ 8,110,659
Accrued interest receivable	8,878	-	8,878
Due from other funds	-	-	-
Total current assets	<u>8,119,537</u>	<u>-</u>	<u>8,119,537</u>
<b>Noncurrent assets</b>			
Investments	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<u><u>\$ 8,119,537</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,119,537</u></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and other liabilities	\$ -	\$ -	\$ -
Due to State of Michigan	-	-	-
Due to other funds	-	-	-
Accrued interest payable	-	-	-
Short-term debt	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>PROJECT EQUITY</b>			
Unreserved	<u>8,119,537</u>	<u>-</u>	<u>8,119,537</u>
<b>Total liabilities and project equity</b>	<u><u>\$ 8,119,537</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,119,537</u></u>

<b>OUTSTANDING DEBT (long-term)</b>	<u><u>\$ 66,525,000</u></u>
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**State Building Authority of the State of Michigan**  
**1999 Revenue Bonds, Series I**  
**Schedule of Project Revenue, Expenditures**  
**and Changes in Project Equity**  
**Year Ended September 30, 2004**

	Debt Service Activities	Capital Projects Activities	Total
<b>Revenue</b>			
Investment income	\$ 54,568	\$ -	\$ 54,568
Lease revenue	7,719,996	-	7,719,996
Other revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenue	7,774,564	-	7,774,564
	<hr/>	<hr/>	<hr/>
<b>Expenditures</b>			
Current - general government	74,534	-	74,534
Capital outlay	-	-	-
Capital outlay reimbursed to State of Michigan	-	-	-
Debt service:			
Principal	4,625,000	-	4,625,000
Interest and fiscal charges	3,131,662	-	3,131,662
Debt issuance costs	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	7,831,196	-	7,831,196
	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	(56,632)	-	(56,632)
	<hr/>	<hr/>	<hr/>
<b>Other financing sources (uses)</b>			
Long-term debt issued	-	-	-
Premiums on bonds issued	-	-	-
Refunding debt issued	-	-	-
Premiums on refunding debt	-	-	-
Payment to refunding escrow agent	-	-	-
Transfers	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-
	<hr/>	<hr/>	<hr/>
Net change in project equity	(56,632)	-	(56,632)
	<hr/>	<hr/>	<hr/>
<b>Project equity</b>			
Beginning of year	8,176,169	-	8,176,169
	<hr/>	<hr/>	<hr/>
<b>End of year</b>	<u>\$ 8,119,537</u>	<u>\$ -</u>	<u>\$ 8,119,537</u>

**State Building Authority of the State of Michigan**  
**2000 Revenue Bonds**  
**Project Balance Sheet**  
**September 30, 2004**

	Debt Service Activities	Capital Projects Activities	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Investments	\$ -	\$ -	\$ -
Accrued interest receivable	-	-	-
Due from other funds	-	-	-
Total current assets	-	-	-
<b>Noncurrent assets</b>			
Investments	-	-	-
<b>Total assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and other liabilities	\$ -	\$ -	\$ -
Due to State of Michigan	-	-	-
Due to other funds	-	-	-
Accrued interest payable	-	-	-
Short-term debt	-	-	-
<b>Total liabilities</b>	-	-	-
<b>PROJECT EQUITY</b>			
Unreserved (deficit)	-	-	-
<b>Total liabilities and project equity</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>OUTSTANDING DEBT (long-term)</b>			<u>\$ -</u>

**State Building Authority of the State of Michigan**  
**2000 Revenue Bonds**  
**Schedule of Project Revenue, Expenditures**  
**and Changes in Project Equity**  
**Year Ended September 30, 2004**

	Debt Service Activities	Capital Projects Activities	Total
<b>Revenue</b>			
Investment income	\$ 11,765	\$ 53	\$ 11,818
Lease revenue	3,912,000	-	3,912,000
Other revenue	-	166,091	166,091
	<hr/>	<hr/>	<hr/>
Total revenue	3,923,765	166,144	4,089,909
	<hr/>	<hr/>	<hr/>
<b>Expenditures</b>			
Current - general government	167,591	-	167,591
Capital outlay	-	-	-
Capital outlay reimbursed to State of Michigan	-	-	-
Debt service:			
Principal	3,815,000	-	3,815,000
Interest and fiscal charges	1,953,090	-	1,953,090
Debt issuance costs	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	5,935,681	-	5,935,681
	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	(2,011,916)	166,144	(1,845,772)
	<hr/>	<hr/>	<hr/>
<b>Other financing sources (uses)</b>			
Long-term debt issued	-	-	-
Premiums on bonds issued	-	-	-
Refunding debt issued	-	-	-
Premiums on refunding debt	-	-	-
Payment to refunding escrow agent	-	-	-
Transfers	(4,460,181)	(15,481)	(4,475,662)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(4,460,181)	(15,481)	(4,475,662)
	<hr/>	<hr/>	<hr/>
Net change in project equity	(6,472,097)	150,663	(6,321,434)
	<hr/>	<hr/>	<hr/>
<b>Project equity (deficit)</b>			
Beginning of year	6,472,097	(150,663)	6,321,434
	<hr/>	<hr/>	<hr/>
<b>End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**State Building Authority of the State of Michigan**  
**2000 Revenue Bonds, Series I**  
**Project Balance Sheet**  
**September 30, 2004**

	Debt Service Activities	Capital Projects Activities	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Investments	\$ 11,899,329	\$ 1,364,206	\$ 13,263,535
Accrued interest receivable	13,020	1,500	14,520
Due from other funds	-	-	-
Total current assets	<u>11,912,349</u>	<u>1,365,706</u>	<u>13,278,055</u>
<b>Noncurrent assets</b>			
Investments	-	-	-
<b>Total assets</b>	<u><u>\$ 11,912,349</u></u>	<u><u>\$ 1,365,706</u></u>	<u><u>\$ 13,278,055</u></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and other liabilities	\$ -	\$ -	\$ -
Due to State of Michigan	-	-	-
Due to other funds	-	-	-
Accrued interest payable	-	-	-
Short-term debt	-	-	-
<b>Total liabilities</b>	-	-	-
<b>PROJECT EQUITY</b>			
Unreserved	<u>11,912,349</u>	<u>1,365,706</u>	<u>13,278,055</u>
<b>Total liabilities and project equity</b>	<u><u>\$ 11,912,349</u></u>	<u><u>\$ 1,365,706</u></u>	<u><u>\$ 13,278,055</u></u>
<b>OUTSTANDING DEBT (long-term)</b>			<u><u>\$ 134,250,000</u></u>

**State Building Authority of the State of Michigan**  
**2000 Revenue Bonds, Series I**  
**Schedule of Project Revenue, Expenditures**  
**and Changes in Project Equity**  
**Year Ended September 30, 2004**

	Debt Service Activities	Capital Projects Activities	Total
<b>Revenue</b>			
Investment income	\$ 81,174	\$ 13,153	\$ 94,327
Lease revenue	12,285,012	-	12,285,012
Other revenue	-	-	-
	<u>12,366,186</u>	<u>13,153</u>	<u>12,379,339</u>
<b>Expenditures</b>			
Current - general government	14,489	-	14,489
Capital outlay	-	-	-
Capital outlay reimbursed to State of Michigan	-	-	-
Debt service:			
Principal	5,080,000	-	5,080,000
Interest and fiscal charges	7,158,866	-	7,158,866
Debt issuance costs	-	-	-
	<u>12,253,355</u>	<u>-</u>	<u>12,253,355</u>
Revenue over (under) expenditures	<u>112,831</u>	<u>13,153</u>	<u>125,984</u>
<b>Other financing sources (uses)</b>			
Long-term debt issued	-	-	-
Premiums on bonds issued	-	-	-
Refunding debt issued	-	-	-
Premiums on refunding debt	-	-	-
Payment to refunding escrow agent	-	-	-
Transfers	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in project equity	112,831	13,153	125,984
<b>Project equity</b>			
Beginning of year	<u>11,799,518</u>	<u>1,352,553</u>	<u>13,152,071</u>
<b>End of year</b>	<u>\$ 11,912,349</u>	<u>\$ 1,365,706</u>	<u>\$ 13,278,055</u>

**State Building Authority of the State of Michigan**  
**2001 Revenue Bonds, Series I**  
**Project Balance Sheet**  
**September 30, 2004**

	Debt Service Activities	Capital Projects Activities	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Investments	\$ 11,289,711	\$ 3,156,352	\$ 14,446,063
Accrued interest receivable	12,355	3,684	16,039
Due from other funds	-	-	-
Total current assets	<u>11,302,066</u>	<u>3,160,036</u>	<u>14,462,102</u>
<b>Noncurrent assets</b>			
Investments	-	-	-
<b>Total assets</b>	<u><u>\$ 11,302,066</u></u>	<u><u>\$ 3,160,036</u></u>	<u><u>\$ 14,462,102</u></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and other liabilities	\$ -	\$ -	\$ -
Due to State of Michigan	-	223,942	223,942
Due to other funds	-	-	-
Accrued interest payable	-	-	-
Short-term debt	-	-	-
<b>Total liabilities</b>	-	223,942	223,942
<b>PROJECT EQUITY</b>			
Unreserved	<u>11,302,066</u>	<u>2,936,094</u>	<u>14,238,160</u>
<b>Total liabilities and project equity</b>	<u><u>\$ 11,302,066</u></u>	<u><u>\$ 3,160,036</u></u>	<u><u>\$ 14,462,102</u></u>
<b>OUTSTANDING DEBT (long-term)</b>			<u><u>\$ 108,635,000</u></u>

**State Building Authority of the State of Michigan**  
**2001 Revenue Bonds, Series I**  
**Schedule of Project Revenue, Expenditures**  
**and Changes in Project Equity**  
**Year Ended September 30, 2004**

	Debt Service Activities	Capital Projects Activities	Total
<b>Revenue</b>			
Investment income	\$ 76,421	\$ 33,466	\$ 109,887
Lease revenue	11,279,016	-	11,279,016
Other revenue	-	6,808	6,808
	<u>11,355,437</u>	<u>40,274</u>	<u>11,395,711</u>
<b>Expenditures</b>			
Current - general government	12,107	-	12,107
Capital outlay	-	694,801	694,801
Capital outlay reimbursed to State of Michigan	-	-	-
Debt service:			
Principal	5,365,000	-	5,365,000
Interest and fiscal charges	5,862,144	-	5,862,144
Debt issuance costs	-	-	-
	<u>11,239,251</u>	<u>694,801</u>	<u>11,934,052</u>
Revenue over (under) expenditures	<u>116,186</u>	<u>(654,527)</u>	<u>(538,341)</u>
<b>Other financing sources (uses)</b>			
Long-term debt issued	-	-	-
Premiums on bonds issued	-	-	-
Refunding debt issued	-	-	-
Premiums on refunding debt	-	-	-
Payment to refunding escrow agent	-	-	-
Transfers	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in project equity	116,186	(654,527)	(538,341)
<b>Project equity</b>			
Beginning of year	<u>11,185,880</u>	<u>3,590,621</u>	<u>14,776,501</u>
<b>End of year</b>	<u>\$ 11,302,066</u>	<u>\$ 2,936,094</u>	<u>\$ 14,238,160</u>



**State Building Authority of the State of Michigan**  
**2001 Revenue Bonds**  
**Project Balance Sheet**  
**September 30, 2004**

	Debt Service Activities	Capital Projects Activities	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Investments	\$ -	\$ -	\$ -
Accrued interest receivable	-	-	-
Due from other funds	-	-	-
Total current assets	-	-	-
<b>Noncurrent assets</b>			
Investments	-	-	-
<b>Total assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and other liabilities	\$ -	\$ -	\$ -
Due to State of Michigan	-	-	-
Due to other funds	-	-	-
Accrued interest payable	-	-	-
Short-term debt	-	-	-
<b>Total liabilities</b>	-	-	-
<b>PROJECT EQUITY</b>			
Unreserved (deficit)	-	-	-
<b>Total liabilities and project equity</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>OUTSTANDING DEBT (long-term)</b>			<u>\$ -</u>

**State Building Authority of the State of Michigan**  
**2001 Revenue Bonds**  
**Schedule of Project Revenue, Expenditures**  
**and Changes in Project Equity**  
**Year Ended September 30, 2004**

	Debt Service Activities	Capital Projects Activities	Total
<b>Revenue</b>			
Investment income	\$ 13,298	\$ 207	\$ 13,505
Lease revenue	4,484,664	-	4,484,664
Other revenue	-	134,801	134,801
	<u>4,497,962</u>	<u>135,008</u>	<u>4,632,970</u>
<b>Total revenue</b>			
	<u>4,497,962</u>	<u>135,008</u>	<u>4,632,970</u>
<b>Expenditures</b>			
Current - general government	134,801	-	134,801
Capital outlay	-	-	-
Capital outlay reimbursed to State of Michigan	-	-	-
Debt service:			
Principal	3,915,000	-	3,915,000
Interest and fiscal charges	2,711,838	-	2,711,838
Debt issuance costs	-	-	-
	<u>6,761,639</u>	<u>-</u>	<u>6,761,639</u>
<b>Total expenditures</b>			
	<u>6,761,639</u>	<u>-</u>	<u>6,761,639</u>
Revenue over (under) expenditures	<u>(2,263,677)</u>	<u>135,008</u>	<u>(2,128,669)</u>
<b>Other financing sources (uses)</b>			
Long-term debt issued	-	-	-
Premiums on bonds issued	-	-	-
Refunding debt issued	-	-	-
Premiums on refunding debt	-	-	-
Payment to refunding escrow agent	-	-	-
Transfers	(4,871,294)	(60,125)	(4,931,419)
	<u>(4,871,294)</u>	<u>(60,125)</u>	<u>(4,931,419)</u>
<b>Total other financing sources (uses)</b>			
	<u>(4,871,294)</u>	<u>(60,125)</u>	<u>(4,931,419)</u>
Net change in project equity	(7,134,971)	74,883	(7,060,088)
<b>Project equity (deficit)</b>			
Beginning of year	<u>7,134,971</u>	<u>(74,883)</u>	<u>7,060,088</u>
<b>End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**State Building Authority of the State of Michigan**  
**2001 Revenue Refunding Bonds, Series I**  
**Project Balance Sheet**  
**September 30, 2004**

	Debt Service Activities	Capital Projects Activities	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Investments	\$ 29,550,334	\$ 521,556	\$ 30,071,890
Accrued interest receivable	24,253	430	24,683
Due from other funds	-	-	-
Total current assets	<u>29,574,587</u>	<u>521,986</u>	<u>30,096,573</u>
<b>Noncurrent assets</b>			
Investments	-	-	-
<b>Total assets</b>	<u><u>\$ 29,574,587</u></u>	<u><u>\$ 521,986</u></u>	<u><u>\$ 30,096,573</u></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and other liabilities	\$ -	\$ -	\$ -
Due to State of Michigan	-	932	932
Due to other funds	-	-	-
Accrued interest payable	-	-	-
Short-term debt	-	-	-
<b>Total liabilities</b>	-	932	932
<b>PROJECT EQUITY</b>			
Unreserved	<u>29,574,587</u>	<u>521,054</u>	<u>30,095,641</u>
<b>Total liabilities and project equity</b>	<u><u>\$ 29,574,587</u></u>	<u><u>\$ 521,986</u></u>	<u><u>\$ 30,096,573</u></u>
<b>OUTSTANDING DEBT (long-term)</b>			<u><u>\$ 398,470,000</u></u>

**State Building Authority of the State of Michigan**  
**2001 Revenue Refunding Bonds, Series I**  
**Schedule of Project Revenue, Expenditures**  
**and Changes in Project Equity**  
**Year Ended September 30, 2004**

	Debt Service Activities	Capital Projects Activities	Total
<b>Revenue</b>			
Investment income	\$ 133,287	\$ 3,192	\$ 136,479
Lease revenue	32,058,516	-	32,058,516
Other revenue	-	-	-
	<u>32,191,803</u>	<u>3,192</u>	<u>32,194,995</u>
<b>Expenditures</b>			
Current - general government	39,435	-	39,435
Capital outlay	-	12,453	12,453
Capital outlay reimbursed to State of Michigan	-	-	-
Debt service:			
Principal	10,580,000	-	10,580,000
Interest and fiscal charges	21,396,131	-	21,396,131
Debt issuance costs	-	-	-
	<u>32,015,566</u>	<u>12,453</u>	<u>32,028,019</u>
Revenue over (under) expenditures	<u>176,237</u>	<u>(9,261)</u>	<u>166,976</u>
<b>Other financing sources (uses)</b>			
Long-term debt issued	-	-	-
Premiums on bonds issued	-	-	-
Refunding debt issued	-	-	-
Premiums on refunding debt	-	-	-
Payment to refunding escrow agent	-	-	-
Transfers	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in project equity	176,237	(9,261)	166,976
<b>Project equity</b>			
Beginning of year	<u>29,398,350</u>	<u>530,315</u>	<u>29,928,665</u>
<b>End of year</b>	<u>\$ 29,574,587</u>	<u>\$ 521,054</u>	<u>\$ 30,095,641</u>

**State Building Authority of the State of Michigan**  
**2001 Revenue Bonds, Series II**  
**Project Balance Sheet**  
**September 30, 2004**

	Debt Service Activities	Capital Projects Activities	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Investments	\$ 15,165,204	\$ 1,443,486	\$ 16,608,690
Accrued interest receivable	16,595	1,588	18,183
Due from other funds	-	-	-
Total current assets	<u>15,181,799</u>	<u>1,445,074</u>	<u>16,626,873</u>
<b>Noncurrent assets</b>			
Investments	-	-	-
<b>Total assets</b>	<u><u>\$ 15,181,799</u></u>	<u><u>\$ 1,445,074</u></u>	<u><u>\$ 16,626,873</u></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and other liabilities	\$ -	\$ -	\$ -
Due to State of Michigan	-	737,526	737,526
Due to other funds	-	-	-
Accrued interest payable	-	-	-
Short-term debt	-	-	-
<b>Total liabilities</b>	-	737,526	737,526
<b>PROJECT EQUITY</b>			
Unreserved	<u>15,181,799</u>	<u>707,548</u>	<u>15,889,347</u>
<b>Total liabilities and project equity</b>	<u><u>\$ 15,181,799</u></u>	<u><u>\$ 1,445,074</u></u>	<u><u>\$ 16,626,873</u></u>
<b>OUTSTANDING DEBT (long-term)</b>			<u><u>\$ 157,330,000</u></u>

**State Building Authority of the State of Michigan**  
**2001 Revenue Bonds, Series II**  
**Schedule of Project Revenue, Expenditures**  
**and Changes in Project Equity**  
**Year Ended September 30, 2004**

	Debt Service Activities	Capital Projects Activities	Total
<b>Revenue</b>			
Investment income	\$ 102,938	\$ 14,160	\$ 117,098
Lease revenue	15,340,980	-	15,340,980
Other revenue	-	-	-
	<u>15,443,918</u>	<u>14,160</u>	<u>15,458,078</u>
<b>Expenditures</b>			
Current - general government	42,952	287	43,239
Capital outlay	-	579,100	579,100
Capital outlay reimbursed to State of Michigan	-	-	-
Debt service:			
Principal	7,045,000	-	7,045,000
Interest and fiscal charges	8,245,917	-	8,245,917
Debt issuance costs	-	-	-
	<u>15,333,869</u>	<u>579,387</u>	<u>15,913,256</u>
Revenue over (under) expenditures	<u>110,049</u>	<u>(565,227)</u>	<u>(455,178)</u>
<b>Other financing sources (uses)</b>			
Long-term debt issued	-	-	-
Premiums on bonds issued	-	-	-
Refunding debt issued	-	-	-
Premiums on refunding debt	-	-	-
Payment to refunding escrow agent	-	-	-
Transfers	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in project equity	110,049	(565,227)	(455,178)
<b>Project equity</b>			
Beginning of year	<u>15,071,750</u>	<u>1,272,775</u>	<u>16,344,525</u>
<b>End of year</b>	<u>\$ 15,181,799</u>	<u>\$ 707,548</u>	<u>\$ 15,889,347</u>

**State Building Authority of the State of Michigan**  
**2002 Revenue Bonds, Series I**  
**Project Balance Sheet**  
**September 30, 2004**

	Debt Service Activities	Capital Projects Activities	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Investments	\$ -	\$ 1,812,007	\$ 1,812,007
Accrued interest receivable	-	587	587
Due from other funds	-	-	-
Total current assets	-	1,812,594	1,812,594
<b>Noncurrent assets</b>			
Investments	-	-	-
<b>Total assets</b>	<u>\$ -</u>	<u>\$ 1,812,594</u>	<u>\$ 1,812,594</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and other liabilities	\$ -	\$ -	\$ -
Due to State of Michigan	-	1,207,500	1,207,500
Due to other funds	-	-	-
Accrued interest payable	-	-	-
Short-term debt	-	-	-
<b>Total liabilities</b>	-	1,207,500	1,207,500
<b>PROJECT EQUITY</b>			
Unreserved	-	605,094	605,094
<b>Total liabilities and project equity</b>	<u>\$ -</u>	<u>\$ 1,812,594</u>	<u>\$ 1,812,594</u>
<b>OUTSTANDING DEBT (long-term)</b>			<u>\$ -</u>

**State Building Authority of the State of Michigan**  
**2002 Revenue Bonds, Series I**  
**Schedule of Project Revenue, Expenditures**  
**and Changes in Project Equity**  
**Year Ended September 30, 2004**

	Debt Service Activities	Capital Projects Activities	Total
<b>Revenue</b>			
Investment income	\$ 6,672	\$ 7,870	\$ 14,542
Lease revenue	3,052,500	-	3,052,500
Other revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenue	3,059,172	7,870	3,067,042
	<hr/>	<hr/>	<hr/>
<b>Expenditures</b>			
Current - general government	-	-	-
Capital outlay	-	202,520	202,520
Capital outlay reimbursed to State of Michigan	-	-	-
Debt service:			
Principal	210,210,000	-	210,210,000
Interest and fiscal charges	488,240	-	488,240
Debt issuance costs	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	210,698,240	202,520	210,900,760
	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	(207,639,068)	(194,650)	(207,833,718)
	<hr/>	<hr/>	<hr/>
<b>Other financing sources (uses)</b>			
Long-term debt issued	-	-	-
Premiums on bonds issued	-	-	-
Refunding debt issued	-	-	-
Premiums on refunding debt	-	-	-
Payment to refunding escrow agent	-	-	-
Transfers	185,578,908	(1,025,715)	184,553,193
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	185,578,908	(1,025,715)	184,553,193
	<hr/>	<hr/>	<hr/>
Net change in project equity	(22,060,160)	(1,220,365)	(23,280,525)
	<hr/>	<hr/>	<hr/>
<b>Project equity</b>			
Beginning of year	22,060,160	1,825,459	23,885,619
	<hr/>	<hr/>	<hr/>
<b>End of year</b>	\$ -	\$ 605,094	\$ 605,094
	<hr/>	<hr/>	<hr/>



**State Building Authority of the State of Michigan**  
**2002 Revenue Bonds, Series II**  
**Project Balance Sheet**  
**September 30, 2004**

	<u>Debt Service Activities</u>	<u>Capital Projects Activities</u>	<u>Total</u>
<b>ASSETS</b>			
<b>Current assets</b>			
Investments	\$ -	\$ 662,756	\$ 662,756
Accrued interest receivable	-	547	547
Due from other funds	-	-	-
Total current assets	<u>-</u>	<u>663,303</u>	<u>663,303</u>
<b>Noncurrent assets</b>			
Investments	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<u><u>\$ -</u></u>	<u><u>\$ 663,303</u></u>	<u><u>\$ 663,303</u></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and other liabilities	\$ -	\$ -	\$ -
Due to State of Michigan	-	264,400	264,400
Due to other funds	-	-	-
Accrued interest payable	-	-	-
Short-term debt	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	-	264,400	264,400
<b>PROJECT EQUITY</b>			
Unreserved	<u>-</u>	<u>398,903</u>	<u>398,903</u>
<b>Total liabilities and project equity</b>	<u><u>\$ -</u></u>	<u><u>\$ 663,303</u></u>	<u><u>\$ 663,303</u></u>
<b>OUTSTANDING DEBT (long-term)</b>			<u><u>\$ -</u></u>

**State Building Authority of the State of Michigan**  
**2002 Revenue Bonds, Series II**  
**Schedule of Project Revenue, Expenditures**  
**and Changes in Project Equity**  
**Year Ended September 30, 2004**

	Debt Service Activities	Capital Projects Activities	Total
<b>Revenue</b>			
Investment income	\$ 4,856	\$ 9,722	\$ 14,578
Lease revenue	2,123,334	-	2,123,334
Other revenue	-	-	-
	<u>2,128,190</u>	<u>9,722</u>	<u>2,137,912</u>
<b>Expenditures</b>			
Current - general government	17,139	-	17,139
Capital outlay	-	417,232	417,232
Capital outlay reimbursed to State of Michigan	-	-	-
Debt service:			
Principal	150,250,000	-	150,250,000
Interest and fiscal charges	340,424	-	340,424
Debt issuance costs	-	-	-
	<u>150,607,563</u>	<u>417,232</u>	<u>151,024,795</u>
Revenue over (under) expenditures	<u>(148,479,373)</u>	<u>(407,510)</u>	<u>(148,886,883)</u>
<b>Other financing sources (uses)</b>			
Long-term debt issued	-	-	-
Premiums on bonds issued	-	-	-
Refunding debt issued	-	-	-
Premiums on refunding debt	-	-	-
Payment to refunding escrow agent	-	-	-
Transfers	133,777,136	(3,611,313)	130,165,823
	<u>133,777,136</u>	<u>(3,611,313)</u>	<u>130,165,823</u>
Total other financing sources (uses)	<u>133,777,136</u>	<u>(3,611,313)</u>	<u>130,165,823</u>
Net change in project equity	(14,702,237)	(4,018,823)	(18,721,060)
<b>Project equity</b>			
Beginning of year	14,702,237	4,417,726	19,119,963
<b>End of year</b>	<u>\$ -</u>	<u>\$ 398,903</u>	<u>\$ 398,903</u>

**State Building Authority of the State of Michigan**  
**2002 Revenue and Refunding Bonds, Series III**  
**Project Balance Sheet**  
**September 30, 2004**

	Debt Service Activities	Capital Projects Activities	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Investments	\$ 14,897,390	\$ 5,035,039	\$ 19,932,429
Accrued interest receivable	16,298	5,776	22,074
Due from other funds	-	-	-
Total current assets	<u>14,913,688</u>	<u>5,040,815</u>	<u>19,954,503</u>
<b>Noncurrent assets</b>			
Investments	-	-	-
<b>Total assets</b>	<u><u>\$ 14,913,688</u></u>	<u><u>\$ 5,040,815</u></u>	<u><u>\$ 19,954,503</u></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and other liabilities	\$ -	\$ -	\$ -
Due to State of Michigan	-	1,113,965	1,113,965
Due to other funds	-	-	-
Accrued interest payable	-	-	-
Short-term debt	-	-	-
<b>Total liabilities</b>	-	1,113,965	1,113,965
<b>PROJECT EQUITY</b>			
Unreserved	<u>14,913,688</u>	<u>3,926,850</u>	<u>18,840,538</u>
<b>Total liabilities and project equity</b>	<u><u>\$ 14,913,688</u></u>	<u><u>\$ 5,040,815</u></u>	<u><u>\$ 19,954,503</u></u>
<b>OUTSTANDING DEBT (long-term)</b>			<u><u>\$ 210,665,000</u></u>

**State Building Authority of the State of Michigan**  
**2002 Revenue and Refunding Bonds, Series III**  
**Schedule of Project Revenue, Expenditures**  
**and Changes in Project Equity**  
**Year Ended September 30, 2004**

	Debt Service Activities	Capital Projects Activities	Total
<b>Revenue</b>			
Investment income	\$ 102,702	\$ 74,585	\$ 177,287
Lease revenue	16,094,988	-	16,094,988
Other revenue	70,341	126,832	197,173
	<u>16,268,031</u>	<u>201,417</u>	<u>16,469,448</u>
<b>Expenditures</b>			
Current - general government	47,771	9,621	57,392
Capital outlay	-	2,479,036	2,479,036
Capital outlay reimbursed to State of Michigan	-	-	-
Debt service:			
Principal	4,540,000	-	4,540,000
Interest and fiscal charges	10,749,188	-	10,749,188
Debt issuance costs	-	-	-
	<u>15,336,959</u>	<u>2,488,657</u>	<u>17,825,616</u>
Revenue over (under) expenditures	<u>931,072</u>	<u>(2,287,240)</u>	<u>(1,356,168)</u>
<b>Other financing sources (uses)</b>			
Long-term debt issued	-	-	-
Premiums on bonds issued	-	-	-
Refunding debt issued	-	-	-
Premiums on refunding debt	-	-	-
Payment to refunding escrow agent	-	-	-
Transfers	35,000	(35,000)	-
	<u>35,000</u>	<u>(35,000)</u>	<u>-</u>
Net change in project equity	966,072	(2,322,240)	(1,356,168)
<b>Project equity</b>			
Beginning of year	<u>13,947,616</u>	<u>6,249,090</u>	<u>20,196,706</u>
<b>End of year</b>	<u>\$ 14,913,688</u>	<u>\$ 3,926,850</u>	<u>\$ 18,840,538</u>

**State Building Authority of the State of Michigan**  
**2002 Revenue Bonds**  
**Project Balance Sheet**  
**September 30, 2004**

	Debt Service Activities	Capital Projects Activities	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Investments	\$ -	\$ -	\$ -
Accrued interest receivable	-	-	-
Due from other funds	-	-	-
Total current assets	-	-	-
<b>Noncurrent assets</b>			
Investments	-	-	-
<b>Total assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and other liabilities	\$ -	\$ -	\$ -
Due to State of Michigan	-	-	-
Due to other funds	-	-	-
Accrued interest payable	-	-	-
Short-term debt	-	-	-
<b>Total liabilities</b>	-	-	-
<b>PROJECT EQUITY</b>			
Unreserved	-	-	-
<b>Total liabilities and project equity</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>OUTSTANDING DEBT (long-term)</b>			<u>\$ -</u>

**State Building Authority of the State of Michigan**  
**2002 Revenue Bonds**  
**Schedule of Project Revenue, Expenditures**  
**and Changes in Project Equity**  
**Year Ended September 30, 2004**

	Debt Service Activities	Capital Projects Activities	Total
<b>Revenue</b>			
Investment income	\$ 8,606	\$ 609	\$ 9,215
Lease revenue	2,870,000	-	2,870,000
Other revenue	-	-	-
	<u>2,878,606</u>	<u>609</u>	<u>2,879,215</u>
<b>Expenditures</b>			
Current - general government	1,500	-	1,500
Capital outlay	-	182,055	182,055
Capital outlay reimbursed to State of Michigan	-	-	-
Debt service:			
Principal	2,190,000	-	2,190,000
Interest and fiscal charges	1,481,775	-	1,481,775
Debt issuance costs	-	-	-
	<u>3,673,275</u>	<u>182,055</u>	<u>3,855,330</u>
Total expenditures	<u>3,673,275</u>	<u>182,055</u>	<u>3,855,330</u>
Revenue over (under) expenditures	<u>(794,669)</u>	<u>(181,446)</u>	<u>(976,115)</u>
<b>Other financing sources (uses)</b>			
Long-term debt issued	-	-	-
Premiums on bonds issued	-	-	-
Refunding debt issued	-	-	-
Premiums on refunding debt	-	-	-
Payment to refunding escrow agent	-	-	-
Transfers	(3,202,937)	(60,456)	(3,263,393)
	<u>(3,202,937)</u>	<u>(60,456)</u>	<u>(3,263,393)</u>
Total other financing sources (uses)	<u>(3,202,937)</u>	<u>(60,456)</u>	<u>(3,263,393)</u>
Net change in project equity	(3,997,606)	(241,902)	(4,239,508)
<b>Project equity</b>			
Beginning of year	<u>3,997,606</u>	<u>241,902</u>	<u>4,239,508</u>
<b>End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**State Building Authority of the State of Michigan**  
**2003 Revenue Refunding Bonds, Series I**  
**Project Balance Sheet**  
**September 30, 2004**

	Debt Service Activities	Capital Projects Activities	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Investments	\$ 53,581,884	\$ 14,455,035	\$ 68,036,919
Accrued interest receivable	44,184	37,406	81,590
Due from other funds	-	-	-
Total current assets	<u>53,626,068</u>	<u>14,492,441</u>	<u>68,118,509</u>
<b>Noncurrent assets</b>			
Investments	-	-	-
<b>Total assets</b>	<u><u>\$ 53,626,068</u></u>	<u><u>\$ 14,492,441</u></u>	<u><u>\$ 68,118,509</u></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and other liabilities	\$ 9,185	\$ -	\$ 9,185
Due to State of Michigan	-	1,360,229	1,360,229
Due to other funds	-	-	-
Accrued interest payable	-	-	-
Short-term debt	-	-	-
<b>Total liabilities</b>	9,185	1,360,229	1,369,414
<b>PROJECT EQUITY</b>			
Unreserved	<u>53,616,883</u>	<u>13,132,212</u>	<u>66,749,095</u>
<b>Total liabilities and project equity</b>	<u><u>\$ 53,626,068</u></u>	<u><u>\$ 14,492,441</u></u>	<u><u>\$ 68,118,509</u></u>
<b>OUTSTANDING DEBT (long-term)</b>			<u><u>\$ 636,655,000</u></u>

**State Building Authority of the State of Michigan**  
**2003 Revenue Refunding Bonds, Series I**  
**Schedule of Project Revenue, Expenditures**  
**and Changes in Project Equity**  
**Year Ended September 30, 2004**

	Debt Service Activities	Capital Projects Activities	Total
<b>Revenue</b>			
Investment income	\$ 244,446	\$ 19,499,441	\$ 19,743,887
Lease revenue	69,675,134	-	69,675,134
Other revenue	58,880	-	58,880
	<u>69,978,460</u>	<u>19,499,441</u>	<u>89,477,901</u>
<b>Expenditures</b>			
Current - general government	403,840	-	403,840
Capital outlay	-	6,367,229	6,367,229
Capital outlay reimbursed to State of Michigan	-	-	-
Debt service:			
Principal	22,765,000	-	22,765,000
Interest and fiscal charges	23,684,315	-	23,684,315
Debt issuance costs	6,280	-	6,280
	<u>46,859,435</u>	<u>6,367,229</u>	<u>53,226,664</u>
Revenue over (under) expenditures	<u>23,119,025</u>	<u>13,132,212</u>	<u>36,251,237</u>
<b>Other financing sources (uses)</b>			
Long-term debt issued	-	-	-
Premiums on bonds issued	-	-	-
Refunding debt issued	-	-	-
Premiums on refunding debt	-	-	-
Payment to refunding escrow agent	-	-	-
Transfers	696,066	-	696,066
	<u>696,066</u>	<u>-</u>	<u>696,066</u>
Net change in project equity	23,815,091	13,132,212	36,947,303
<b>Project equity</b>			
Beginning of year	<u>29,801,792</u>	<u>-</u>	<u>29,801,792</u>
<b>End of year</b>	<u>\$ 53,616,883</u>	<u>\$ 13,132,212</u>	<u>\$ 66,749,095</u>



**State Building Authority of the State of Michigan**  
**2003 Revenue Refunding Bonds, Series II**  
**Project Balance Sheet**  
**September 30, 2004**

	Debt Service Activities	Capital Projects Activities	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Investments	\$ 18,626,368	\$ 9,423,121	\$ 28,049,489
Accrued interest receivable	15,685	8,253	23,938
Due from other funds	-	-	-
Total current assets	<u>18,642,053</u>	<u>9,431,374</u>	<u>28,073,427</u>
<b>Noncurrent assets</b>			
Investments	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<u><u>\$ 18,642,053</u></u>	<u><u>\$ 9,431,374</u></u>	<u><u>\$ 28,073,427</u></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and other liabilities	\$ -	\$ -	\$ -
Due to State of Michigan	-	5,704,419	5,704,419
Due to other funds	-	-	-
Accrued interest payable	-	-	-
Short-term debt	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	-	5,704,419	5,704,419
<b>PROJECT EQUITY</b>			
Unreserved	<u>18,642,053</u>	<u>3,726,955</u>	<u>22,369,008</u>
<b>Total liabilities and project equity</b>	<u><u>\$ 18,642,053</u></u>	<u><u>\$ 9,431,374</u></u>	<u><u>\$ 28,073,427</u></u>
<b>OUTSTANDING DEBT (long-term)</b>			<u><u>\$ 392,590,000</u></u>

**State Building Authority of the State of Michigan**  
**2003 Revenue Refunding Bonds, Series II**  
**Schedule of Project Revenue, Expenditures**  
**and Changes in Project Equity**  
**Year Ended September 30, 2004**

	Debt Service Activities	Capital Projects Activities	Total
<b>Revenue</b>			
Investment income	\$ 65,667	\$ 89,053	\$ 154,720
Lease revenue	22,966,670	-	22,966,670
Other revenue	-	2,135,788	2,135,788
Total revenue	23,032,337	2,224,841	25,257,178
<b>Expenditures</b>			
Current - general government	39,028	200,000	239,028
Capital outlay	-	9,756,223	9,756,223
Capital outlay reimbursed to State of Michigan	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	7,204,570	-	7,204,570
Debt issuance costs	2,242,602	958,979	3,201,581
Total expenditures	9,486,200	10,915,202	20,401,402
Revenue over (under) expenditures	13,546,137	(8,690,361)	4,855,776
<b>Other financing sources (uses)</b>			
Long-term debt issued	-	87,825,512	87,825,512
Premiums on bonds issued	-	4,720,091	4,720,091
Refunding debt issued	304,764,488	-	304,764,488
Premiums on refunding debt	17,519,104	-	17,519,104
Payment to refunding escrow agent	-	-	-
Transfers	(317,187,676)	(80,128,287)	(397,315,963)
Total other financing sources (uses)	5,095,916	12,417,316	17,513,232
Net change in project equity	18,642,053	3,726,955	22,369,008
<b>Project equity</b>			
Beginning of year	-	-	-
<b>End of year</b>	\$ 18,642,053	\$ 3,726,955	\$ 22,369,008

**State Building Authority of the State of Michigan**  
**2004 Revenue and Refunding Bonds, Series I**  
**Project Balance Sheet**  
**September 30, 2004**

	Debt Service Activities	Capital Projects Activities	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Investments	\$ 5,823,154	\$ 12,986	\$ 5,836,140
Accrued interest receivable	4,672	91	4,763
Due from other funds	-	-	-
Total current assets	<u>5,827,826</u>	<u>13,077</u>	<u>5,840,903</u>
<b>Noncurrent assets</b>			
Investments	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<u><u>\$ 5,827,826</u></u>	<u><u>\$ 13,077</u></u>	<u><u>\$ 5,840,903</u></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and other liabilities	\$ 6,500	\$ -	\$ 6,500
Due to State of Michigan	-	-	-
Due to other funds	-	-	-
Accrued interest payable	-	-	-
Short-term debt	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	6,500	-	6,500
<b>PROJECT EQUITY</b>			
Unreserved	<u>5,821,326</u>	<u>13,077</u>	<u>5,834,403</u>
<b>Total liabilities and project equity</b>	<u><u>\$ 5,827,826</u></u>	<u><u>\$ 13,077</u></u>	<u><u>\$ 5,840,903</u></u>

<b>OUTSTANDING DEBT (long-term)</b>	<u><u>\$ 155,350,000</u></u>
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**State Building Authority of the State of Michigan**  
**2004 Revenue and Refunding Bonds, Series I**  
**Schedule of Project Revenue, Expenditures**  
**and Changes in Project Equity**  
**Year Ended September 30, 2004**

	Debt Service Activities	Capital Projects Activities	Total
<b>Revenue</b>			
Investment income	\$ 9,419	\$ 40,173	\$ 49,592
Lease revenue	5,738,261	-	5,738,261
Other revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenue	5,747,680	40,173	5,787,853
	<hr/>	<hr/>	<hr/>
<b>Expenditures</b>			
Current - general government	350	50,000	50,350
Capital outlay	-	2,540,869	2,540,869
Capital outlay reimbursed to State of Michigan	-	41,627,461	41,627,461
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Debt issuance costs	952,672	392,014	1,344,686
	<hr/>	<hr/>	<hr/>
Total expenditures	953,022	44,610,344	45,563,366
	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	4,794,658	(44,570,171)	(39,775,513)
	<hr/>	<hr/>	<hr/>
<b>Other financing sources (uses)</b>			
Long-term debt issued	-	42,504,388	42,504,388
Premiums on bonds issued	-	2,078,860	2,078,860
Refunding debt issued	112,845,612	-	112,845,612
Premiums on refunding debt	6,351,710	-	6,351,710
Payment to refunding escrow agent	(134,951,125)	-	(134,951,125)
Transfers	16,780,471	-	16,780,471
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	1,026,668	44,583,248	45,609,916
	<hr/>	<hr/>	<hr/>
Net change in project equity	5,821,326	13,077	5,834,403
	<hr/>	<hr/>	<hr/>
<b>Project equity</b>			
Beginning of year	-	-	-
	<hr/>	<hr/>	<hr/>
<b>End of year</b>	\$ 5,821,326	\$ 13,077	\$ 5,834,403
	<hr/>	<hr/>	<hr/>

**State Building Authority of the State of Michigan**  
**Schedule of Bonds Payable (at par)**  
**Including Mandatory Redemption Provisions**  
**September 30, 2004**  
(in thousands)

Year Ending September 30,	1998 Series I Refunding	1999 Series I	2000 Series I	2001 Series I	2001 Series I Refunding	2001 Series II	2002 Series III Refunding
2005	\$ 11,005	\$ 4,660	\$ 5,315	\$ 5,605	\$ 10,965	\$ 7,275	\$ 5,525
2006	11,010	4,840	5,510	5,815	11,420	7,440	5,625
2007	11,560	5,050	5,785	6,120	11,990	7,775	5,890
2008	12,140	5,260	6,095	6,440	12,590	8,135	6,065
2009	12,745	5,485	6,435	6,780	13,285	8,515	6,340
2010	13,385	5,740	6,790	7,150	14,015	8,965	6,645
2011	14,085	6,010	7,165	7,545	14,785	9,425	6,965
2012	14,825	6,300	7,560	7,960	15,600	9,920	7,310
2013	15,605	6,595	7,935	8,395	16,455	10,440	7,670
2014	16,425	6,910	8,335	8,860	17,360	11,010	8,055
2015	17,285	7,240	8,750	9,345	18,315	11,620	8,485
2016	18,195	1,125	9,180	9,860	19,325	12,255	8,940
2017	19,125	1,310	9,660	10,375	20,385	12,930	9,425
2018	20,105	-	10,165	4,645	21,510	13,640	9,930
2019	21,060	-	10,700	3,740	22,690	14,145	10,465
2020	22,060	-	11,260	-	23,940	3,840	11,025
2021	23,110	-	3,675	-	25,255	-	11,620
2022	10,385	-	3,935	-	26,550	-	12,245
2023	-	-	-	-	27,930	-	12,900
2024	-	-	-	-	29,325	-	13,595
2025	-	-	-	-	13,855	-	14,275
2026	-	-	-	-	10,925	-	14,990
2027	-	-	-	-	-	-	6,680
2028	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-
	<u>\$ 284,110</u>	<u>\$ 66,525</u>	<u>\$ 134,250</u>	<u>\$ 108,635</u>	<u>\$ 398,470</u>	<u>\$ 157,330</u>	<u>\$ 210,665</u>

2003 Series I Refunding	2003 Series II Refunding	2004 Series I Refunding	Totals
\$ 19,100	\$ 6,075	\$ 3,245	\$ 78,770
38,545	8,315	9,880	108,400
40,000	8,730	10,275	113,175
42,000	9,170	10,600	118,495
44,100	9,530	10,895	124,110
46,305	10,010	11,375	130,380
48,620	10,395	11,915	136,910
51,050	10,915	12,525	143,965
53,730	11,420	13,180	151,425
56,550	12,020	13,830	159,355
59,520	12,650	14,560	167,770
62,645	13,315	15,330	170,170
65,540	14,015	7,485	170,250
8,950	14,750	3,960	107,655
-	15,485	4,140	102,425
-	16,260	2,155	90,540
-	17,075	-	80,735
-	17,930	-	71,045
-	18,825	-	59,655
-	19,765	-	62,685
-	20,755	-	48,885
-	21,790	-	47,705
-	22,880	-	29,560
-	24,025	-	24,025
-	25,225	-	25,225
-	21,265	-	21,265
<u>\$ 636,655</u>	<u>\$ 392,590</u>	<u>\$ 155,350</u>	<u>\$ 2,544,580</u>